

Interim Condensed Financial Statements
For the Half Year ended December 31, 2018
(UNAUDITED)



KARAM CERAMICS LIMITED



www.karamceramics.com

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mrs. Mariam Shaban ali	Chairperson
Mr. Irshad Ali S.Kassim	Vice. Chairman
Mr. Munawar Ali S.Kassim	Chief Executive
Mr. Shahid Ahmed	Independent Non-Executive Director
Mr. Shahnawaz Madhani	Director
Miss. Natalia Kassim	Director
Miss. Anushka Kassim	Director
Mr. Amir Sawja	Chief Financial officer
Mr. Manzoor Ali Natha	Company Secretary

AUDIT COMMITTEE

Mr. Shahid Ahmed	Chairman
Miss. Anushka Kassim	Member
Miss. Natalia Kassim	Member

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Shahnawaz Madhani	Chairman
Mr. Munawar Ali S. Kassim	Member
Miss. Natalia Kassim	Member

BANKERS

Soneri Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Habib Metropolitan Bank Limited
Faysal Bank Limited
Allied Bank Limited
Bank Alfalah Limited

AUDITORS / REGISTRAR AND SHARE TRANSFER OFFICE

Qavi & Co
Chartered Accountants
T.H.K. Associates (Private) Limited
1st Floor, 40 C, Block -6 P.E.C.H.S
Karachi-75400

NATIONAL TAX NUMBER : 0710857-5
SALES TAX REGISTRATION NO : 02-02-6907-001-55

REGISTERED OFFICE

Bc-6, Block -5, Scheme-5, Kehkashan, Clifton, Karachi

FACTORY

295/311, Deh Halkani, Hub Dam Road Karachi

LAHORE

4-L, Gulburg 111 Ferozpur Road Lahore
Tel# (92-42)-35864579



REPORT OF THE DIRECTORS FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Dear Shareholders,

Your Directors are present before you the Condensed Interim Financial Statements (Unaudited) of the company, for the half year ended December 31, 2018, along with independent auditors' report on review for condensed financial information.

During the half year under review the Net Sales of the half year were Rs.667.46 million as against sales of Rs.477.11 million for the corresponding period of the last year, representing increase of 190.35 million. This was due to higher sale volume and value achieved during the period. The gross profit for the period was Rs.83.31 million against gross profit of Rs. 13.07million for the corresponding period of the last year. Your company has earned net profit after tax of Ras.17.63 million as compared to loss after tax of Rs. 38.99 million with the same period from last year Earnings per share for the half year were Rs. 1.20

Demands for ceramics tiles have increased, due to growth in the construction industry, in the country. Your company will endeavor to compete with the imported tiles and increase its sales volume through rigorous market efforts, better quality products and competitive selling price.

On behalf of the Board, I sincerely thank our well wishers, shareholders, customers, dealers, banks, DFIS, suppliers of raw materials, plant and machinery, friends and all employees for their utmost cooperation and contribution towards the progress of the company.

On behalf of the Board

Irshad Ali Kassim
Director

Munawar Ali Kassim
Chief Executive

February 25, 2019

31 دسمبر 2018ء کو ختم ہونے والی ششماہی کے لئے ڈائریکٹرز کی رپورٹ

محترم شیئر ہولڈرز،


آپ کے ڈائریکٹرز 31 دسمبر 2018ء کو ختم ہونے والی ششماہی کے لئے غیر آڈٹ شدہ مالیاتی گوشوارے بشمول جمع شدہ مالیاتی حسابات کے بارے میں ڈائریکٹرز رپورٹ آپ کیلئے پیش کر رہے ہیں۔


زیر جائزہ سہ ماہی کے دوران کمپنی کی صافی فروخت 667.46 ملین روپے رہی جس کا موازنہ گزشتہ سال کی اسی مدت کی فروخت 477.11 ملین روپے سے کیا جاسکتا ہے جو کہ مبلغ 190.35 ملین روپے کا اضافہ ہے۔ یہ دوران مدت زیادہ فروخت کے حجم اور طلب کے حصول میں اضافہ کے سبب ہوا۔ دوران مدت صافی منافع مبلغ 83.31 ملین روپے تھا جس کا موازنہ گزشتہ سال کی سہ ماہی کے صافی منافع مبلغ 13.07 ملین روپے سے کیا جاسکتا ہے۔ آپ کی کمپنی نے زیر جائزہ مدت کے دوران قبل از ٹیکس منافع مبلغ 17.63 ملین روپے حاصل کیا جس کا موازنہ گزشتہ سال کی اسی مدت کے قبل از ٹیکس منافع مبلغ 38.99 ملین روپے سے کیا جاسکتا ہے۔ دوران مدت فی شیئر آمدنی مبلغ 1.20 تھی۔

ملک میں تعمیراتی صنعت کی ترقی کی وجہ سے سیرامک ٹائلز کی طلب میں اضافہ ہوا۔ آپ کی کمپنی بہتر معیاری پروڈکٹس اور مسابقتی فروخت کی قیمت کے تحت درآمد شدہ ٹائلز سے مقابلہ اور مارکیٹ میں اپنی فروخت کے حجم کو بڑھانے کی کوشش کرے گی۔

بورڈ کی جانب سے میں اپنے خیر خواہوں، شیئر ہولڈرز، صارفین، ڈیلرز، بینکنگ، ڈی ایف آئی ایس، خام مال، پلانٹ، اور مشینری، دوستوں اور تمام ملازمین کو ان کے تعاون اور کمپنی کی پروگریس میں حصہ لینے پر شکر گزار ہیں۔

توسط بورڈ


 ارشاد علی قاسم
 ڈائریکٹر


 منور علی قاسم
 چیف ایگزیکٹو

مورخہ 22 فروری 2019ء



AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Karam Ceramics Limited** as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


Ghulam Abbas & Co

Qavi & Co.

Chartered Accountants

Audit Engagement Partner: **Ghulam Abbas**

Date: February 25, 2019

Place : Karachi



Condensed Interim Statement Of Financial Position As at December 31, 2018

		(Un-Audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
ASSETS	Note		
Non-current assets			
Property, plant and equipment	5	807,948,460	807,284,357
Long term deposits		897,038	897,038
		808,845,498	808,181,395
Current assets			
Stores and spares		3,954,492	3,407,508
Stock in trade		292,415,669	290,087,617
Trade debts		34,113,587	37,237,123
Loans and advances - considered good	6	1,474,762	1,596,878
Advance income tax		11,786,165	23,185,033
Refunds due from the Government		78,932,552	60,457,418
Prepayments and other receivables	7	21,908,061	12,877,527
Cash and bank balances	8	25,303,913	4,591,034
		469,889,201	433,440,138
TOTAL ASSETS		1,278,734,699	1,241,621,533
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		145,486,760	145,486,760
Unappropriated profit		96,157,777	89,233,636
Revaluation surplus on property, plant & equipment		67,543,592	68,473,608
		309,188,129	303,194,004
LIABILITIES			
Non-current liabilities			
Long term financing - secured	9	325,160,407	388,767,678
Liabilities against assets subject to finance lease		1,282,118	1,420,257
Bills payable		32,937,600	-
Post employment benefits	10	100,719,087	96,130,169
Deferred taxation		75,381,981	78,430,052
		535,481,193	564,748,156
Current liabilities			
Trade and other payables		248,448,448	171,760,867
Markup accrued on loans		9,744,841	10,285,340
Short term borrowings from banks - secured	11	88,778,126	100,311,497
Long term financing - secured	9	72,859,896	77,059,896
Dividend payable		5,607,818	4,843,417
Liabilities against assets subject to finance lease		282,943	282,943
Provision for taxation		8,343,305	9,135,413
		434,065,377	373,679,373
Total liabilities		969,546,570	938,427,529
Contingencies and Commitments	12	-	-
TOTAL EQUITY AND LIABILITIES		1,278,734,699	1,241,621,533

The annexed notes 1 to 21 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

Condensed Interim Profit and Loss Account For the Half year ended 31st December 2018 - (Un-audited)

	Note	Half year Ended		Quarter Ended	
		December 31 2018 Rupees	December 31 2017 Rupees	December 31 2018 Rupees	December 31 2017 Rupees
Revenue	13	667,464,366	477,111,053	385,284,421	256,959,431
Cost of sales		(584,155,678)	(464,042,805)	(341,908,132)	(250,744,544)
Gross profit		83,308,688	13,068,248	43,376,289	6,214,887
Selling and distribution expenses		21,382,799	17,687,251	11,966,258	8,265,859
Administrative expenses		13,362,481	12,223,478	7,875,059	5,550,167
Other expenses		9,015,785	3,277,727	4,537,929	3,192,498
		(43,761,065)	(33,188,456)	(24,379,246)	(17,008,524)
Operating profit / (loss)		39,547,623	(20,120,208)	18,997,043	(10,793,637)
Other income		233,791	-	-	-
Finance Cost	14	(19,661,363)	(25,931,352)	(9,640,242)	(12,719,557)
		(19,427,572)	(25,931,352)	(9,640,242)	(12,719,557)
Profit/(Loss) before taxation		20,120,051	(46,051,560)	9,356,801	(23,513,194)
Taxation	15	(2,486,985)	7,062,581	(1,894,927)	2,083,526
Profit/(Loss) after taxation		17,633,066	(38,988,979)	7,461,874	(21,429,668)
Earnings per share -					
Basic and diluted	16	1.20	(2.68)	0.51	(1.47)

The annexed notes 1 to 21 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director



Condensed Interim Statement Of Cash Flows

For the Half Year ended December 31, 2018 - (Un-audited)

	December 2018 Rupees	December 2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	20,120,051	(46,051,560)
Adjustments for non cash charges and other items		
Depreciation	39,034,785	42,123,971
Provision for gratuity	6,409,920	5,409,994
Workers' profit participation fund	1,181,024	-
Workers' welfare fund	1,183,325	-
Gain on disposal of fixed assets	(233,791)	-
Finance cost	19,601,569	25,931,352
	67,176,832	73,465,317
Cash flow from operating activities before working capital changes	87,296,883	27,413,757
Effect on cash flow due to working capital changes		
(Increase) / Decrease in stores and spares	(546,984)	234,773
Increase in stock in trade	(2,328,052)	(24,433,585)
(Increase) / Decrease in trade debts	3,123,536	102,498,334
(Increase) / Decrease in loans and advances	122,116	(252,865)
Increase in short term prepayments and others receivables	(9,030,534)	(1,434,222)
(Increase) / Decrease in refunds due from government-sales tax	(1,805,650)	369,991
Increase in bills payables	32,937,600	-
Increase in dividend payables	764,401	-
Increase in trade and other payables	76,532,366	2,265,092
	99,768,799	79,247,518
Cash flows generated from operations	187,065,682	106,661,275
Finance cost paid	(20,122,003)	(22,285,655)
WPPF paid	(923,059)	-
WWF paid	(188,385)	-
Income tax paid	(12,635,676)	(8,290,572)
Gratuity paid	(1,821,001)	(1,096,052)
	(35,690,124)	(31,672,279)
Net cash flows generated from operating activities	151,375,558	74,988,996
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(40,009,439)	-
Proceeds from disposal of property, plant and equipment	544,342	-
Net cash flows used in investing activities	(39,465,097)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing from directors - net	(28,223,360)	40,242,000
Short term borrowings	(11,533,371)	(51,129,165)
Dividend paid	(11,638,941)	-
Lease rentals paid	(217,998)	-
Long term financing from banks - net	(39,583,911)	(54,579,954)
Net cash flows used in financing activities	(91,197,581)	(65,467,119)
Net increase / (decrease) in cash and cash equivalents	20,712,880	9,521,877
Cash and cash equivalents at the beginning of the year	4,591,034	3,227,590
Cash and cash equivalents at the end of the year	25,303,913	12,749,467

The annexed notes 1 to 21 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement Of Other Comprehensive Income

For the Half Year ended December 31, 2018 - (Un-audited)

	Half year Ended		Quarter Ended	
	December 31 2018 Rupees	December 31 2017 Rupees Restated	December 31 2018 Rupees	December 31 2017 Rupees Restated
Profit / (Loss) after taxation	17,633,066	(38,988,979)	7,461,874	(21,429,668)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the year	17,633,066	(38,988,979)	7,461,874	(21,429,668)

The annexed notes 1 to 21 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement Of Changes In Equity

For the Half year ended December 31, 2018 - (Un-audited)

	Share Capital	Unappropriated Profit	Surplus on revaluation of property, plant and equipment	Total
	Rupees			
Balance as at July 01, 2017	145,486,760	72,359,789	70,366,769	288,213,318
Loss after taxation for the year ended June 30, 2018	-	15,116,351	-	15,116,351
Other comprehensive income for the year	-	(135,665)	-	(135,665)
Transferred from surplus on revaluation of property, plant and equipment incremental depreciation for the year - net of deferred tax	-	1,893,161	(1,893,161)	-
	-	1,757,496	(1,893,161)	(135,665)
Balance as at June 30, 2018 - as restated	145,486,760	89,233,636	68,473,608	303,194,004
Dividend for the year ended June 30, 2018	-	(11,638,941)	-	(11,638,941)
Profit after taxation for the half year ended December 31, 2018	-	17,633,066	-	17,633,066
Other comprehensive income for the year	-	-	-	-
Transferred from surplus on revaluation of property, plant and equipment incremental depreciation for the year - net of deferred tax	-	930,016	(930,016)	-
	-	930,016	(930,016)	-
Balance as at December 31, 2018	145,486,760	96,157,777	67,543,592	309,188,129

The annexed notes 1 to 21 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

Selected Notes to the Condensed Interim Financial Information

For the half year ended December 31, 2018 - (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

Karam Ceramics Limited was incorporated in Pakistan on April 8, 1979 as a public limited company under the repealed Companies Act, 1913 (now Companies Act, 2017). The shares of the company are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at BC-6, Block-5, Kehkashan, Clifton, Karachi, Pakistan and factory is situated at 295/311, Deh Halkani, Hub Dam Road, Manghopir, Karachi. The principal activity of the company is manufacturing of tiles.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except that inventories are carried at lower of cost or net realisable value, land and buildings at revalued amounts and staff retirement benefits are carried at present value.

These condensed interim financial statements do not include all information and disclosures required in the financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2018.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting period beginning on or after July 01, 2018 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not disclosed in these condensed interim financial statements.

2.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective in current period

The following standards, amendments and interpretations with respect to approved accounting standards would be effective from the date mentioned below against the respective standards, amendments or interpretations:

Standards, interpretations or amendments	Effective Date
- IFRS 9 - Financial Instruments	July 1, 2018
- IFRS 15 - Revenue from Contracts with Customers	July 1, 2018
- IFRS 16 - Leases	January 1, 2019

The standards highlighted above may impact the financial statements of the Company on adoption. The Management is currently in the process of assessing the impact on the financial statements of the Company.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 01, 2019 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2018.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with accounting and reporting standards requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The significant judgements made by the management in applying the Company's accounting policies and the key resources of estimation and uncertainty were the same as those applied to the annual audited financial statements for the year ended June 30, 2018.

The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2018.

	(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
5. PROPERTY, PLANT AND EQUIPMENT		
Opening net book value	807,284,357	883,371,605
Additions during the period:		
Plant & machinery	40,009,439	-
Vehicles	-	8,663,550
	<u>40,009,439</u>	<u>8,663,550</u>
	847,293,796	892,035,155
Disposals during the period	(310,551)	(41,834)
Depreciation charged during the period	<u>(39,034,785)</u>	<u>(84,708,964)</u>
	<u>(39,345,336)</u>	<u>(84,750,798)</u>
	<u>807,948,460</u>	<u>807,284,357</u>

6. LOANS AND ADVANCES

These loans and advances do not carry mark up arrangements.

7. PREPAYMENTS AND OTHER RECEIVABLES

This includes other receivables of Rs. 12,500,000 (June 30, 2018: Rs. 12,500,000) receivable from PICIC Insurance Limited on account of damage to generator at factory premises.

	(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
8. CASH AND BANK BALANCES		
Cash in hand	1,206,220	189,103
Cash at banks:		
- Current Accounts	23,195,701	3,483,598
- Deposit Accounts	901,992	918,333
	<u>24,097,693</u>	<u>4,401,931</u>
	<u>25,303,913</u>	<u>4,591,034</u>
9. LONG TERM FINANCING		
Secured		
From banking companies - note 9.1	149,243,055	188,826,966
Less: Current maturity shown under current liabilities	(72,859,896)	(77,059,896)
	76,383,159	111,767,070
From directors - note 9.2	248,777,248	277,000,608
	<u>325,160,407</u>	<u>388,767,678</u>
9.1 Loan from banking companies		
Soneri Bank Limited - note 9.1.1	66,607,189	85,540,621
JS Bank Limited - note 9.1.2	67,026,437	83,783,047
Habib Bank Limited - note 9.1.3	15,609,429	19,503,298
	<u>149,243,055</u>	<u>188,826,966</u>

9.1.1 Terms and conditions of borrowings from Soneri Bank Limited are as follows:

	Term Finance - 2	Term Finance - 3
Facility name	Term Finance - 2	Term Finance - 3
Loan outstanding	Rs. 2.100 million	Rs. 64.507 million
Nature of facility	Term Finance	Term Finance
Sanctioned limit	42.000 million	151.204 million
Markup rate	6MK + 2% p.a.	6MK + 2% p.a.
Total installments	60 monthly	65 monthly
No. of installments outstanding	3 monthly	26 monthly
Date of final repayment	Feb 19, 2019	Mar 31, 2021

Purpose:

- For import of Plant and Machinery
- For local purchase of Plant and Machinery

Security/Collateral:

- First equitable mortgage charge of Rs. 600 million on factory property situated at Hub Dam road, Karachi.
- Specific charge on imported machinery for Rs. 42 million.
- Specific charge on land, building, plant and machinery of Rs. 200 million.
- Personal guarantees provided by the directors of The Company.

9.1.2 Terms and conditions of borrowing from JS Bank Limited are as follows:

Facility name	Term Finance - 1
Loan outstanding	Rs. 67.026 million
Nature of facility	Term Finance
Sanctioned limit	175.917 million
Markup rate	6MK + 1.75% p.a.
Total installments	54 monthly
No. of installments outstanding	16 monthly
Date of final repayment	May 10, 2020

Purpose:

- For import of Plant and Machinery

Security/Collateral:

- First Pari Passu charge over fixed assets amounting to Rs. 267 million inclusive of 25% margin.
- Personal guarantees provided by the directors of The Company.
- Subordination of Directors' loan amounting to Rs. 50 million.

9.1.3 Terms and conditions of borrowings from Habib Bank Limited are as follows:

Facility name	Term Finance - 1	Term Finance - 2
Loan outstanding	Rs. 9.394 million	Rs. 6.215 million
Nature of facility	Term Finance	Term Finance
Sanctioned limit	23.058 million	11.987 million
Markup rate	3MK + 1.5% p.a.	3MK + 1.5% p.a.
Total installments	54 monthly	54 monthly
No. of installments outstanding	22 monthly	28 monthly
Date of final repayment	Oct 01, 2020	May 01, 2021

Purpose:

- For import of Plant and Machinery

Security/Collateral:

- Mortgage charge over plant and machinery amounting to Rs. 35 million.
- " - Second ranking charge on hypothecation of stocks and first charge on book debts of Rs. 150 million registered with SECP."
- Personal guarantees provided by the directors of The Company.

9.2 This represents outstanding amounts pertaining to interest bearing @ 4% & interest free loan obtained from directors amounting to Rs. 99.54 million (June 30, 2018: Rs. 132.11 million) and Rs. 149.23 million (June 30, 2018: Rs. 144.89 million) respectively.

10. POST EMPLOYMENT BENEFITS

The company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact, if any, relating to measurements of post employment benefit obligations (actuarial gain/losses) on condensed interim financial information is not calculated and accounted for as considered immaterial.

11. SHORT TERM BORROWINGS - FROM BANKS

During the period, the company utilized short term running finance facilities available from certain conventional commercial banks. The rate of mark up on such facilities is matching tenor KIBOR plus 1% and 6 months KIBOR plus 1.75% respectively and is secured.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

With reference to note 22.1 of the annual financial statements for the year ended June 30, 2018, the Company deposited cheques of Rs. 22,207,930 for the price differential amount with the Nazir of Sindh High Court for the period from July 2017 to December 2017. The cumulative balance of cheques deposited as on December 31, 2018 is Rs. 100,859,340 (June 30, 2018: Rs. 78,651,410).

Except for the above matter, there has been no change in status of contingencies reported in the financial statements for the year ended June 30, 2018.

12.2 Commitments

Commitments under letter of credit for import of raw material as at December 31, 2018 amounted to Rs. 48,527,378 (June 30, 2018 : Rs. 33,343,437).



	(Un-audited) December 31, 2018 Rupees	(Un-audited) December 31, 2017 Rupees	
13. REVENUE			
Gross sales	812,381,576	577,304,374	
Less: sales tax	<u>(144,917,210)</u>	<u>(100,193,321)</u>	
	<u>667,464,366</u>	<u>477,111,053</u>	
14. FINANCE COST			
Mark-up on:			
Short term borrowings	4,301,051	6,708,137	
Term Finance	<u>8,290,230</u>	<u>10,068,203</u>	
	12,591,281	16,776,340	
Interest on directors loan	6,669,830	8,675,239	
Interest on workers' profit participation fund	59,794	-	
Lease finance charges	79,859	-	
Bank charges	<u>260,599</u>	<u>479,773</u>	
	<u>19,661,363</u>	<u>25,931,352</u>	
15. TAXATION			
Current	8,343,305	-	
Prior year	<u>(2,808,249)</u>	-	
Deferred	<u>(3,048,071)</u>	<u>(7,062,581)</u>	
	<u>2,486,985</u>	<u>(7,062,581)</u>	
16. EARNINGS PER SHARE			
Profit / (Loss) after taxation attributable to ordinary shareholders	<u>17,633,066</u>	<u>(38,988,979)</u>	
Weighted average number of shares in issue during the year	<u>14,548,676</u>	<u>14,548,676</u>	
Earnings / (Loss) per share (Rupees) - Basic and diluted	<u>1.21</u>	<u>(2.68)</u>	
17. TRANSACTIONS WITH RELATED PARTIES			
Relationship with the Company	Nature of transactions		
Director's spouse	Rent expenses	773,040	702,768
Directors	Loan received	10,000,000	40,242,000
Directors	Loan repaid	42,570,000	-
Directors	Interest on loan	6,669,830	8,675,239
Directors	Notional interest on loan	4,346,640	4,091,950

The related party status of outstanding balances as at December 31, 2018 & 2017 is included in prepayments & long term financing respectively.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materiality the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or periodically repriced.

International Financial Reporting Standard 13, 'Financial Instruments: Disclosure' requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- unobservable inputs for the asset or liability (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Currently there are no financial assets or financial liabilities which are measured at their fair value in the statement of financial position.

19. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. No significant reclassifications were made during the period..



20. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 25, 2019 by the Board of Directors of the Company.

21. GENERAL

Figures have been rounded off to the nearest rupee.


Chief Executive


Chief Financial Officer


Director

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